

# DC Lottery and Charitable Games Board

FY 2002 Proposed Operating Budget:

\$229,688,416

FY 2002 Proposed Capital Budget:

\$0

The DC Lottery and Charitable Games Board generates revenues for the General Fund and regulates charitable games in order to support programs and services for the residents of the District of Columbia. To this end, the agency maximizes lottery sales and profits and protects the public against fraud and deception through the effective management and regulation of lottery and charitable gaming activities.

**The FY 2002 proposed operating budget is \$229,688,416, an increase of \$6,488,416, or 2.9 percent, over the FY 2001 approved budget.**

## Budget Summary

The FY 2002 proposed operating budget is \$229,688,416, an increase of \$6,488,416 or 2.9 percent over the FY 2001 approved budget (table DC0-1). The agency is funded 100 percent from Other-type sources. There are 100 full-time equivalent (FTE) positions supported by this budget, the same level as FY 2001 (table DC0-2). The increase is attributable to new game initiatives and a net expansion of overall game operations, which have resulted in greater prize payouts, sales commissions, and contractor fees.

product and service deficiencies in a changing marketplace.

- Elevate the image of the D.C. Lottery and heighten awareness of the role that it plays in supporting the District of Columbia.
- Utilize the newly designed D.C. Lottery Web site to increase customer service, product information, and interactive cross-promotions in order to bring added value and convenience to both players and retailers.
- Develop innovative lottery games to enhance revenues.

## Strategic Issues

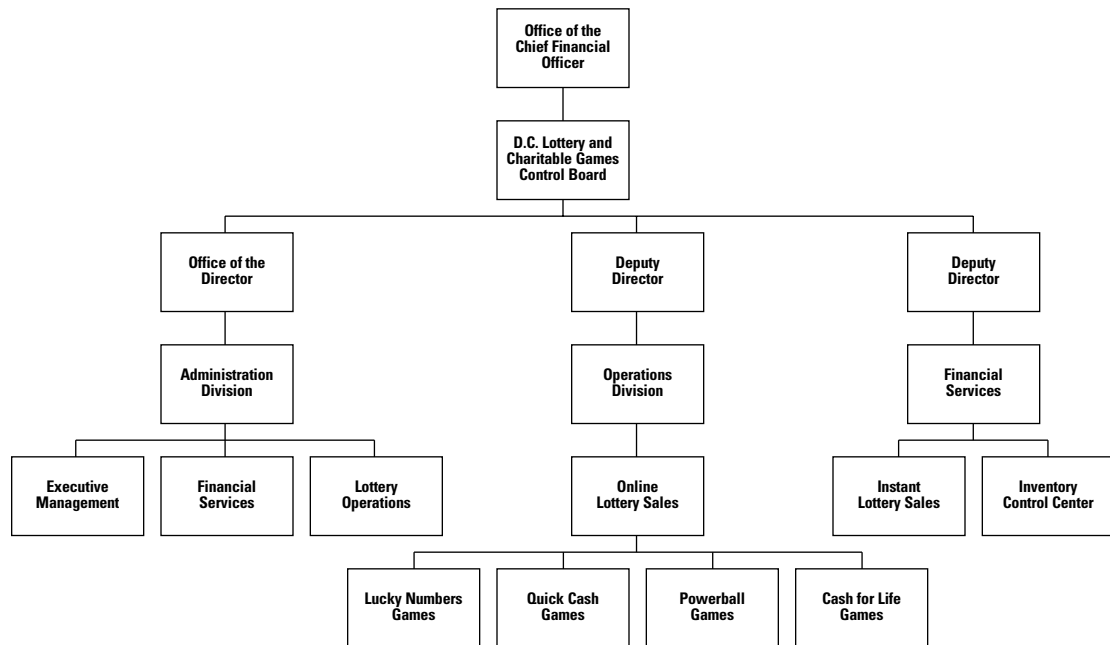
- Continue to develop and implement partnerships and strategic alliances to introduce new products, broaden distribution, accelerate market penetration, and compensate for potential

## FY 2002 Initiatives

In FY 2002, the D.C. Lottery will pursue the development and launch of a rapid draw game. Based on sales projections, this game will deliver greater incremental sales revenue than those derived from previous daily, online game launches.

Figure DC0-1

## D.C. Lottery and Charitable Games Board



The successful deployment of a rapid draw game depends on the development and support of an agent base. Careful selection of appropriate retail locations for the promotion and sale of monitor games will be required for maximum exposure. While a number of the D.C. Lottery's existing agents may be able to meet the basic criteria for offering a rapid draw game to its clientele, it is believed that the bulk of sales will occur through new licenses. There are some areas of the city where the D.C. Lottery has been unable to market its products to the greatest possible extent. In addition, retailers who have already determined that D.C. Lottery products are not attractive to their customer base may reconsider upon the deployment of a rapid draw type game. This effort could therefore be the differentiating product for many major entertainment establishments that attract Maryland and Virginia residents but do not partake in the advantages of the D.C. Lottery.

## Agency Background

The D.C. Lottery was created in 1982 through the passage of public laws. These laws stated that the Charitable Games Board shall operate and conduct a lottery, determine the number of times a lottery is held each year, and decide the form and price of tickets. These laws also give the D.C. Lottery a great deal of leeway in determining the types of games that can be offered.

In addition, law states that the "Board shall operate and conduct a daily numbers game." The games that comprise the Lottery's draw operations are variations of a daily numbers game, and are thus mandated by D.C. law. The law also stipulated that an oversight authority should be incorporated to issue licenses to persons, firms, partnerships, organizations, or corporations engaged in or existing for charitable, benevolent, humane, religious, philanthropic, recreational, social, educational, civic, fraternal, or other not-for-profit purposes. The D.C. Lottery's Charitable Games Division coordinates these activities.

Table DC0-1

**FY 2002 Proposed Operating Budget, by Comptroller Source Group**

(Dollars in thousands)

D.C. Lottery and Charitable Games Board

	<b>Actual FY 2000</b>	<b>Approved FY 2001</b>	<b>Proposed FY 2002</b>	<b>Change from FY 2001</b>
Regular Pay - Cont. Full Time	4,090	5,034	5,194	160
Regular Pay - Other	98	99	106	7
Additional Gross Pay	266	149	183	34
Fringe Benefits	669	821	800	-22
<i>Subtotal Personal Services (PS)</i>	<i>5,123</i>	<i>6,104</i>	<i>6,284</i>	<i>180</i>
Supplies and Materials	55	130	116	-14
Utilities	24	0	32	32
Communications	1,133	1,235	1,285	50
Rentals - Land and Structures	1,311	1,475	1,482	7
Janitorial Services	0	0	5	5
Other Services and Charges	12,382	13,780	15,649	1,869
Contractual Services	3,086	4,055	5,122	1,067
Subsidies and Transfers	193,984	195,475	198,950	3,475
Equipment and Equipment Rental	322	946	763	-183
<i>Subtotal Nonpersonal Services (NPS)</i>	<i>212,295</i>	<i>217,096</i>	<i>223,405</i>	<i>6,308</i>
<b>Total Proposed Operating Budget</b>	<b>217,418</b>	<b>223,200</b>	<b>229,688</b>	<b>6,488</b>

Table DC0-2

**FY 2002 Full-Time Equivalent Employment Levels**D.C. Lottery and Charitable Games Board

	<b>Actual FY 2000</b>	<b>Approved FY 2001</b>	<b>Proposed FY 2002</b>	<b>Change from FY 2001</b>
Continuing full time	85.25	100.00	100.00	0.00
Term full time	2.25	0.00	0.00	0.00
<b>Total FTEs</b>	<b>87.50</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>

Figure DC0-2

**D.C. Lottery and Charitable Games Board Employment Levels, FY 1998–Proposed FY 2002**

(gross FTEs)

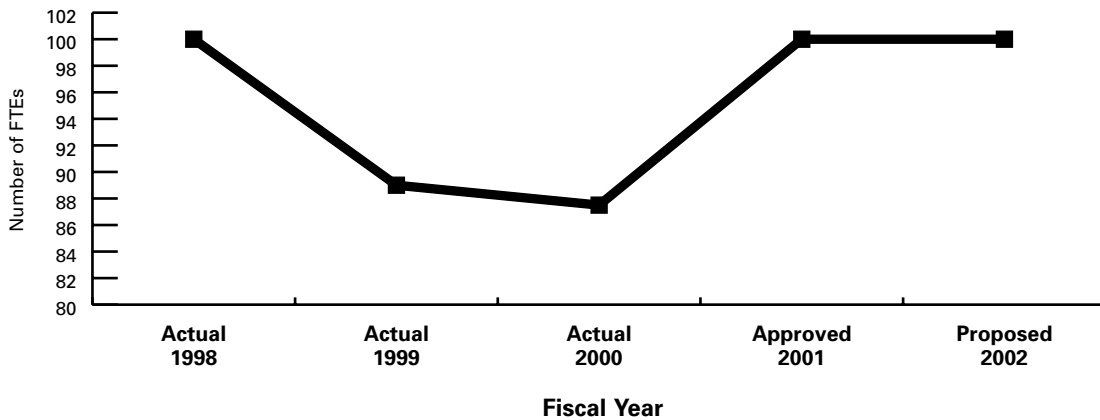


Table DC0-3

**FY 2002 Proposed Operating Budget, by Revenue Type**

(Dollars in thousands)

D.C. Lottery and Charitable Games Board

	Actual FY 1998	Actual FY 1999	Actual FY 2000	Approved FY 2001	Proposed FY 2002
Other	230,138	209,525	217,418	223,200	229,688
<b>Gross Funds</b>	<b>230,138</b>	<b>209,525</b>	<b>217,418</b>	<b>223,200</b>	<b>229,688</b>

**Programs**

Figure DC0-1 displays the entities that make up the D.C. Lottery. The agency achieves its mission through three overarching programmatic areas, as detailed below.

The **Administration Division** is responsible for the management and operating structure of the agency's business and regulatory activities. This task is carried out by the Executive Management Office, Financial Services, and Lottery Operations.

The **Operations Division** consists primarily of the Instant Lottery Sales Division. This Division is staffed by personnel from the Administration Division and is responsible for the development, design, distribution, and accounting of instant "scratch off" operations, ticket sales, and prize payouts.

The **Financial Services Division** consists of the Online Sales Division, which is in turn made up of draw-type games such as Lucky Numbers, D.C. Four, Quick Cash, Hot Five, and PowerBall. This Division is staffed by personnel from the Administration Division and is responsible for the development, design, and accounting of draw-type game operations, ticket sales, and prize payouts.

**Funding Summary**

The D.C. Lottery receives 100 percent of its funding from Other-type sources (table DC0-3). Refer to the FY 2002 Operating Appendices (bound separately) for details. The increase of \$6,488,416 or 2.9 percent over the FY 2001 approved budget reflects:

- \$588,415 increase in contractual services based on FY 2002 strategic initiatives and on non-

personal services related to efforts to replace the agency's aging infrastructure.

- \$1,903,659 increase in prizes based on recent trends and projections for FY 2002; advertising costs designed to retain and expand the Instant Games player base; and commissions and contractor fees related to payouts.
- \$3,996,342 increase in prize monies based on current trends and projected gaming activity; commissions and contractor fees related to payouts; direct costs associated with the development and launch of a new draw type game; and advertising to retain and expand the current base of draw players.

## Trend Data

Table DC0-3 and Figure DC0-2 show expenditure and employment histories for FY 1998–FY 2002.

## Agency Goals and Performance Measures

### Goal 1. Provide a dependable, uninterrupted source of revenues to the District's General Fund.

*Citywide Strategic Priority Area:* Making government work

*Managers:* Kevin Johnson, Vivien Cunningham, William Parsons, Robert Hainey, James Jones, Ida Crosson, Claudia Booker, Carol Jackson Jones, Doris Brown, William Robinson, Melody Booker

*Supervisor:* Anthony Cooper, Executive Director

#### Measure 1.1: Amount of money transferred to the District's General Fund (millions of dollars)

	1999	2000	Fiscal Year		
			2001	2002	2003
Target	72.0	69.0	70.0	69.0	71.5
Actual	64.2	69.5	-	-	-

#### Measure 1.2: Amount of commissions paid to agents (millions of dollars)

	1999	2000	Fiscal Year		
			2001	2002	2003
Target	12.6	13.2	12.5	12.9	14.1
Actual	11.1	12.3	-	-	-

#### Measure 1.3: Amount paid out for lottery prizes (millions of dollars)

	1999	2000	Fiscal Year		
			2001	2002	2003
Target	112.5	123.8	113.0	117.0	129.4
Actual	110.5	115.5	-	-	-

#### Measure 1.4: Number of agent newsletters published

	1999	2000	Fiscal Year		
			2001	2002	2003
Target	N/A	1	4	4	4
Actual	N/A	1	-	-	-